

## Frequently Asked Questions – Bioscience Discovery Evaluation Grant Program Early-Stage Company Grants

### Eligibility

Your business must have received **less than \$5million from grants and third-party investors since formation**.

Capital infusions from founders may put the business over the \$5 million mark. The capitalization report, required for application, should identify the sources of capital over the life of the company. The capitalization report does not include founders' investments.

A **founder** pursued the idea or technology as a commercial venture prior to any external money being invested or stock being issued.

**Third-party investors** may include such entities as another company, a venture capital firm, "angel" investors, federal, state or local government, or any combinations of the above. It does not include owners of the small business or their direct family members.

The capitalization criterion is relevant **at the time of application**. Once a company has been awarded a grant, they may increase their capitalization from third-party sources above the qualifying level.

This criterion aims at targeting the grants to early-stage companies.

Your company must have **less than 20 employees**.

Employees are individuals, not FTE (full-time equivalents) employed by the company.

Again, this criterion is relevant **at the time of application**. Once a company has been awarded a grant, they may increase the number of employees above the qualifying level.

The goal of the program is to develop early-stage companies.

Your company must be **headquartered** in Colorado.

Headquarters is defined as the chief location of a business from which its policies are made and orders are issued.

Your business may be **incorporated in another state/country**, but will have filed with the Colorado Secretary of State to operate here as a foreign entity.

If your company has **ownership in another company**, or another company owns yours, you may still be eligible for the grant. We request that you provide the ownership structure and financials of all entities involved.

*What if my company is purchased while I'm carrying on activity under the BEDGP grant?*

The company should inform OEDIT of any negotiations as soon as possible. OEDIT will determine whether or not the grant may continue based on the circumstances. The intent of the legislation is to develop businesses within the state, so any purchase that takes activity out of the state will not be viewed favorably.

*Do I have an **eligible product**?*

The basis of the technology underlying a company's product (a.k.a. the technology that you are commercializing) must be biological. From the statute, we interpret this to mean that **the product is based on a biological process or organism**. The actual product may be a device or diagnostic that improves **human health**; a product or process to improve **agriculture**; or a product or process involving **biofuels**.

### Grant Maximum

\$250,000 is the maximum that a company may receive from the BDEGP. If a company received a grant in the past, the past grant will factor into the \$250,000 maximum.

If a scientist associated with the company received a grant through the BDEGP proof-of-concept (POC) program, that POC grant award need not factor into the \$250,000 company maximum. Do include technology development accomplished with a prior POC or ESC grant in the application narrative. Successful work will demonstrate your ability to utilize grant funds.

## Indirect Costs

Define the cost. Office/Lab Space, Phone, Accounting and other over-head and general and administrative costs may be approved for funding, but all requests will be evaluated.

All requested budget line-items should support the commercialization of the bioscience technology. You may have Indirect or F&A as a line-item for matching funds if such costs are allowed by the grantor.

## Matching Funds

The grantee must provide a **1:1 match for the total grant request**. The match may also be thought of as “supplemental funding” since there need not be a 1:1 match on each budget category.

If your match is not already in the bank - **evidence of matching funds** may be a grant award letter or a letter of commitment from a verifiable third-party source.

*I've applied for an SBIR grant, and would like to use that as a match for the BDEGP.*

You must have received an award letter **by the application deadline/submission** in order to qualify this as a match.

*What if I have a firm commitment for matching funds now, but something happens and my matching funds don't come through?* If for some reason the third-party or grant program that you were counting on does not come through, you will need to notify OEDIT.

*Is **Angel Investment** which has been granted a stake in the company considered third-party investment?* Yes.

If your match is in the bank – the capitalization report with the third-party/grantor identified and your current financial statements, requested in the application, will provide the required evidence.

An **in-kind** contribution is generally not an eligible third-party match.

## Grant Agreements

An Agreement or Contract is required by the State of Colorado. Work conducted on the grant project prior to the execution of an Agreement may not be paid for with state funds. Once notification of a grant award has been given, the grantee should request a go-ahead to begin spending matching funds in advance of an executed agreement.

OEDIT can provide a draft Agreement upon request. Generally the Agreement contains language that verifies the requirements outlined in the “Rules and Application” document. There is language related to conflict of interest, insurance requirements (see the insurance requirements document on our website), records monitoring, remedies, etc. The statement of work will be tailored to your particular project.

## Grant Payments

Payment Schedule – The disbursement of grant funds is dependent upon the project activities. It is standard practice to make grant payments on a cost reimbursement basis. Advance payment requests will be considered on a case-by-case basis.

## Project expenditures

One must first have an executed Agreement in place before spending grant or matching funds.

We prefer to see the match as money that is going to be spent after the project begins, but the committee may consider matching funds already expended on a case-by-case basis (including funds obtained under a federal grant).

*I have an SBIR (STTR or similar external proof of concept funding) grant that is directed to the technology that I've licensed from the research institution, and is the subject of my application for a BDEGP grant. I've already been spending these grant funds.*

To be eligible as matching funds, the SBIR grant must still be open on the day of the application deadline. The applicant should identify the expended and planned expenditure of the SBIR funds within the application. You will want to indicate the budget activities and amounts attributable to the SBIR grant even though they may be different activities (ex. basic research, overhead) than those for which you're seeking BDEGP funds. Funds already expended will be considered on a case-by-case basis as to whether they qualify as a match on the project activity.

## Unused Grant Funds

Any state grant award that was not expended in carrying out project activities must be returned to the Bioscience Discovery Evaluation Cast Fund for funding future grant cycles.

## Application Submission

The applications must be e-mailed to OEDIT by midnight MST on the due date. Some of the deadlines fall on a weekend. As long as you've e-mailed the application by the deadline, it is eligible. The paper copy can follow in the next few days – there's no need to express mail paper documents.

## Application Review

*What criteria will the review committee use?*

The Bioscience Discovery Evaluation Grant Committee (BDEGC) is interested in the project's potential to strengthen the early-stage bioscience company, attract major capital investment, and to create additional primary jobs in Colorado. Primary evaluation criteria are outlined in the "Rules and Application" document.

*Who's on the review committee?*

The BDEGC will be composed of OEDIT staff, Colorado BioScience Association leadership and industry experts (which may include technical, intellectual property, and venture capital expertise). Actual panelists vary from one grant cycle to the next. You may request current information from the program manager.

*I have questions about the review process and its outcome.*

The program manager will provide feedback from the BDEGC as available. Applicants should not contact panel members directly for information on the review process. Panel members may be willing to give their personal advice to an applicant.

*What if I've received a BDEGP grant in the past?*

The review panel will consider the fact that you are the recipient of program funds. Generally they'll be curious about how your company has utilized those funds. You should include information about work on related technology under prior BDEGP grants (both ESC and POC) within the application narrative. The BDEGC will take performance on grants into consideration when evaluating a proposal.

## Licensing Requirement

A key technology underlying the product being commercialized must be licensed from a qualified Colorado, nonprofit research institution or its Technology Transfer Office. The BDEGC will determine whether or not the licensed technology is key to the product being commercialized.

Those holding an option to license may apply, but the license must be executed before the state can contract for a grant. The TTO must confirm that licensing will be timely.

Those having already purchased the IP from TTO/RI are not eligible for the BDEGP program.